

Financial Report
Town of Golden Meadow, Louisiana
For the year ended December 31, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/7/06

TABLE OF CONTENTS

Town of Golden Meadow, Louisiana

For the year ended December 31, 2005

	<u>Exhibit</u>	<u>Page Number</u>
INTRODUCTORY SECTION		
Title Page		i
Table of Contents		ii – iv
FINANCIAL SECTION		
Independent Auditor's Report		1 – 2
Management's Discussion and Analysis		3 – 12
Basic Financial Statements:		13
Government-wide Financial Statements:		
Statement of Net Assets	A	14
Statement of Activities	B	15 – 16
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C	17 – 18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D	19
Statement of Revenues, Expenditures and Changes in Fund Balances	E	20 – 21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	22
Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual:		
General Fund	G	23
Sales Tax Fund	H	24
Levee Maintenance Tax Fund	I	25
Drainage Maintenance Tax Fund	J	26
Street Fund	K	27

TABLE OF CONTENTS
(Continued)

	<u>Exhibit</u>	<u>Page Number</u>
FINANCIAL SECTION (continued)		
Proprietary Funds:		
Statement of Net Assets	L	28
Statement of Revenues, Expenses and Changes in Fund Net Assets	M	29
Statement of Cash Flows	N	30
Notes to Financial Statements	O	31 – 60
	<u>Statement</u>	
Supplementary Information Section		61
Combining and Individual Fund Statement:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	A-1	62
Other Supplementary Information Section		63
Compensation Paid to Members of the Town Council	1	64
	<u>Table</u>	
STATISTICAL INFORMATION SECTION (UNAUDITED)		
General Governmental Expenditures by Function	1	65
General Governmental Revenue by Source	2	66
Property Tax Levies and Collections	3	67
Principal Taxpayers	4	68
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita	5	69
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures	6	70
Miscellaneous Statistics	7	71
Insurance in Force	8	72 – 73

TABLE OF CONTENTS
(Continued)

	Page	<u>Number</u>
Special Reports of Certified Public Accountants		74
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government</u> <u>Auditing Standards</u>		75 – 76
Schedule of Findings and Responses		77 – 78
Reports by Management		79
Schedule of Prior Year Findings and Responses		80 – 81
Management's Corrective Action Plan		82

FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Honorable Joey Bouziga, Mayor,
and the Members of the Town Council
Town of Golden Meadow, Louisiana.

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Golden Meadow, State of Louisiana (the Town) as of and for the year ended December 31, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Golden Meadow, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Golden Meadow, Louisiana, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued our report dated February 20, 2006 on our consideration of the Town of Golden Meadow, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Golden Meadow, Louisiana's basic financial statements. The introductory section, other supplementary section and statistical information section presented for purposes of additional analysis are not a required part of the basic financial statements. The accompanying financial information listed in the other supplementary section have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
February 20, 2006.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Golden Meadow, Louisiana

The Town Clerk and the Mayor are responsible for the overview and analysis of the financial activities of the Town of Golden Meadow (the Town) for the year ended December 31, 2005. The narrative provided is designed to introduce the financial highlights and offer an overview of our financial statements.

Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and facts known to date. This narrative includes a government-wide financial analysis of revenues, expenses and changes in the net assets. Further detail offers our readers a financial analysis of the Town's funds consisting of the governmental fund types and proprietary funds.

FINANCIAL HIGHLIGHTS

Assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$5,415,018 (net assets). Of this amount, \$1,402,664 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town's total net assets increased by \$213,390 during 2005. The business-type net assets decreased by \$56,978 in 2005.

The Town's governmental activities revenue increased \$61,445 (or 4.53%) primarily due to:

1. Increase in traffic tickets issued by the police department during 2005.
2. Recognition of FEMA reimbursement in 2005 for emergency measures and expenditures incurred due to damages as a result of Hurricanes Katrina and Rita.
3. While there was an overall increase in revenues, there was a 64% decrease in mineral royalties and a 28% decrease in capital grants and contributions. A \$100,000 capital grant was recognized from Lafourche Parish in 2005 for its participation in the improvements to Park Levee Road while in 2004 there were \$140,061 of capital grants recognized.

The Town's governmental activities expenses increased \$74,223 (or 6.61%) primarily due emergency measures and costs incurred due to damages as a result of Hurricanes Katrina and Rita.

The Town did not have any funds with a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

With the implementation of Governmental Accounting Standards Board Statement No. 34, a government's presentation of financial statements has been significantly changed. The new statements focus on the government as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major fund) allow the reader to address relevant questions, broaden a basis for comparison (year to year or government to government) and will enhance the Town's accountability. This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's annual report consists of six parts: (1) management's discussion and analysis (this section) (2) basic financial statements (3) supplementary information section (4) other supplementary information, and (5) statistical information and (6) various governmental compliance reports and schedules by certified public accountants and management.

The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements reported in Exhibits A and B are designed to be similar to private-sector business in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. These statements, combine governmental fund's current financial resources with capital assets and long-term obligations. Also presented in the government-wide financial statements is a total column for the business-type activities of the primary government.

The Statement of Net Assets reported in Exhibit A presents information on all the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities reported in Exhibit B presents information showing how the government's net assets changed during the most recent fiscal year. All changes in the assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities, which are provided by the government's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities.

Both the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges

(business-type activities). The governmental activities which reflect the Town's basic services include the financial activities of the following: general government (Town administration) public safety (police department), streets and highways (street, road and sidewalk maintenance), drainage and levee (drainage and levee maintenance), culture and recreation (parks/playgrounds and pool) and sanitation (animal control, grass cutting, building demolition and trash collection). The business-type activities of the Town include a gas distribution operation and a sewerage collection and treatment system.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The focus is now on major funds, rather than generic fund types. All the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The Governmental Major Fund presentation in Exhibits C through K is presented on a sources and uses of liquid resources basis. This is the manner in which the financial budget is typically developed. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements. The Town has presented the following major governmental funds: General Fund, Sales Tax Fund, Levee Maintenance Tax Fund, Drainage Maintenance Tax Fund and Street Fund.

All non-major governmental funds are presented in one column, titled Other Governmental Funds. Combining financial statements of the non-major funds can be found in the Combining and Individual Fund Statements that follow the financial statements.

Proprietary Funds includes enterprise funds on the fund financial statements illustrated in Exhibits L through N. Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. These enterprise funds are presented as major funds and consist of the Gas Distribution System Fund and the Sewerage Fund. The intent is that costs of goods or services to the general public on a continuing basis be financed primarily through user charges.

While the total column on the business-type fund financial statements for enterprise funds (see Exhibit L and M) is the same as the business-type column at the government-wide financial statement, the governmental funds total column requires a reconciliation because of the different measurement focus which is reflected on the page following each statement (see Exhibit D and F). The flow of current financial resources will reflect capital lease proceeds and interfund transfers as other financial sources as well as capital expenditures and debt service principal payments as expenditures. The reconciliation

will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column in the government-wide statements.

Capital Assets

General capital assets include land, improvements to land, easements, buildings, vehicles, machinery and equipment, infrastructure and all other tangible assets that are used in operations and that have initial useful lives greater than one year and exceed the Town's capitalization threshold (see Note 1d, Exhibit O). The Town has recorded all material infrastructure assets acquired since 1984. Prior to the implementation of the new reporting model, no depreciation was charged on general capital assets. Accumulated depreciation was recorded for the first time based on the date of acquisition and the life span of the asset in the 2004 financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the financial statements and can be found in Exhibit O of this report.

Other Information

Supplementary financial information can be found in statement A-1 of this report. Other supplementary financial information can be found in Statement 1 of this report. The Statistical Section (Tables 1 through 8) are included for additional information and analysis and do not constitute a part of the audited financial statements.

Also included in the report are special auditor reports on internal control over financial reporting, compliance and other matters, findings and schedules as required by government auditing standards.

Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Assets for 2005, with comparative figures from 2004.

Town of Golden Meadow
Condensed Statement of Net Assets
December 31, 2005 and 2004

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets:						
Current and other assets	\$ 1,763,157	\$ 1,513,952	\$ 369,217	\$ 381,580	\$ 2,132,374	\$ 1,895,532
Restricted assets	-	-	51,621	50,661	51,621	50,661
Capital assets	2,117,921	1,998,838	1,570,324	1,610,924	3,688,245	3,609,762
Total assets	3,881,078	3,512,790	1,991,162	2,043,165	5,872,240	5,555,955
Liabilities:						
Current liabilities	339,162	229,843	113,964	108,989	453,126	338,832
Long-term obligations	4,096	15,495	-	-	4,096	15,495
Total liabilities	343,258	245,338	113,964	108,989	457,222	354,327
Net Assets:						
Invested in capital assets, net of related debt	2,102,377	1,968,872	1,570,324	1,610,924	3,672,701	3,579,796
Restricted	339,653	334,158	-	-	339,653	334,158
Unrestricted	1,095,790	964,422	306,874	323,252	1,402,664	1,287,674
Total net assets	\$ 3,537,820	\$ 3,267,452	\$ 1,877,198	\$ 1,934,176	\$ 5,415,018	\$ 5,201,628

For more detailed information see Exhibit A, Statement of Net Assets.

Approximately 68% of the Town's net assets as of December 31, 2005, reflects the government's investment in capital assets (land, buildings, infrastructure, machinery and equipment) less any related outstanding debt used to acquire those assets that is still outstanding. The Town government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Another 6% of the Town's net assets are subject to external restrictions as to their use.

The remaining unrestricted net assets of 26% are available for future use as directed by the Mayor and the Town Council to meet ongoing obligations of the government to citizens and creditors.

The following table provides a summary of the changes in net assets for the year ended December 31, 2005, with comparative figures from 2004:

Town of Golden Meadow
Condensed Statement of Changes in Net Assets
For the Year Ended December 31, 2005 and 2004

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program Revenues:						
Charges for service	\$ 465,074	\$ 368,174	\$ 511,220	\$ 482,255	\$ 976,294	\$ 850,429
Operating grants and contributions	212,011	97,270	-	-	212,011	97,270
Capital grants and contributions	100,921	140,061	-	-	100,921	140,061
General Revenues:						
Property taxes	147,775	151,788	-	-	147,775	151,788
Sales taxes	281,599	290,290	-	-	281,599	290,290
Franchise taxes	78,230	78,828	-	-	78,230	78,828
Grants and contributions not restricted to specific programs	87,912	197,581	-	-	87,912	197,581
Other	43,707	31,792	-	-	43,707	31,792
Total revenues	<u>1,417,229</u>	<u>1,355,784</u>	<u>511,220</u>	<u>482,255</u>	<u>1,928,449</u>	<u>1,838,039</u>
Expenses:						
General government	294,612	234,983	-	-	294,612	234,983
Public safety	341,388	366,225	-	-	341,388	366,225
Streets and highways	233,820	202,449	-	-	233,820	202,449
Drainage and levee	206,800	181,228	-	-	206,800	181,228
Culture and recreation	108,203	120,238	-	-	108,203	120,238
Sanitation	11,087	16,487	-	-	11,087	16,487
Interest on long-term obligations	1,014	1,091	-	-	1,014	1,091
Gas Distribution	-	-	426,176	404,005	426,176	404,005
Sewerage	-	-	91,959	82,731	91,959	82,731
Total expenses	<u>1,196,924</u>	<u>1,122,701</u>	<u>518,135</u>	<u>486,736</u>	<u>1,715,059</u>	<u>1,609,437</u>
Increase (decrease) in Net Assets Before Transfers	220,305	233,083	(6,915)	(4,481)	213,390	228,602
Transfers	<u>50,063</u>	<u>-</u>	<u>(50,063)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	270,368	233,083	(56,978)	(4,481)	213,390	228,602
Net assets, January 1,	<u>3,267,452</u>	<u>3,034,369</u>	<u>1,934,176</u>	<u>1,938,657</u>	<u>5,201,628</u>	<u>4,973,026</u>
Net assets, December 31,	<u>\$ 3,537,820</u>	<u>\$ 3,267,452</u>	<u>\$ 1,877,198</u>	<u>\$ 1,934,176</u>	<u>\$ 5,415,018</u>	<u>\$ 5,201,628</u>

The Town's net assets increased by \$213,390 during the current fiscal year.

Governmental Activities net assets increased \$270,368 in 2005 primarily due to:

1. Revenues outpacing expenses.
2. The transfer of \$50,063 from business-type activities.

Business-Type Activities net assets decreased by \$56,978 in 2005 primarily due to:

1. The transfer of \$50,063 to governmental activities.

Financial Analysis of the Government's Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The combined fund balances of the Town's governmental funds at December 31, 2005 was \$1,435,443 as compared to \$1,298,580 at December 31, 2004, an increase of \$136,863. The entire fund balance is available for spending at the Town's discretion.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$484,827. Compared with total fund balance of \$338,717 at the end of 2004, the fund balance increased by \$146,110.

Other major funds had a net decrease in the fund balances of \$9,247.

Proprietary Funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Gas Distribution System at December 31, 2005 reflected \$258,004. This fund is used to account for gas distribution services to the Town. This fund is self-supporting from program revenues. This fund encompasses all assets associated with gas distribution. Investment in capital assets at the end of the current fiscal year totaled \$143,870.

The Sewerage Fund of the Town had unrestricted net assets of \$48,870 at December 31, 2005. This fund encompasses all assets associated with sewerage operations of the Town. This fund is self-supporting from program revenues. This fund encompasses all assets associated with sewerage operations. Investment in capital assets at the end of the current fiscal year totaled \$1,426,454.

General Fund Budgetary Highlights

The major differences between the original General Fund budget and the final amended budget was additional funds budgeted from FEMA for disaster reimbursements as a result of Hurricanes Katrina and Rita, a decrease in mineral royalty income and appropriations associated with unexpected expenses as a result of Hurricanes Katrina and Rita, an increase in the Town's required contributions to the Municipal Employees Retirement System, and an increase in various capital outlay expenditures.

Material differences between actual results and final amended budgeted amounts in the General Fund are as follows:

- A lesser amount than anticipated of revenue was recognized from FEMA, due to Hurricanes Katrina and Rita.
- A lesser amount of expenditures were incurred in 2005 as a result of Hurricanes Katrina and Rita than originally anticipated. Some of the repairs will not be completed, therefore expenditures not recognized, until 2006 or later.

Capital Asset and Debt Administration

Capital Assets: The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2005, amounts to \$3,688,245 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, furnishings and equipment, streets and roads, drainage systems, park, swimming pool, gas system and sewer system facilities. The total increase in the Town's investment in capital assets (net of depreciation) for the current fiscal year was \$78,483, a 5% increase for governmental activities and a 2% decrease for business-type activities.

Major capital asset events during the current fiscal year included the following:

- Improvements to Park Levee Road
- Overhalls to Pump Station
- Purchase of a 2 new Town vehicles

Town of Golden Meadow
Capital Assets
(Net of Depreciation)
December 31, 2005, and 2004

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 91,100	\$ 91,100	\$ 2,500	\$ 2,500	\$ 93,600	\$ 93,600
Construction in progress	38,000	38,000	-	-	38,000	38,000
Buildings and improvements	288,622	299,244	-	-	288,622	299,244
Swimming pool	174,124	182,753	-	-	174,124	182,753
Auto's and trucks	43,841	43,389	14,240	7,190	58,081	50,579
Sidewalks, streets and drainage	1,299,102	1,144,307	-	-	1,299,102	1,144,307
Oakridge park	136,113	142,769	-	-	136,113	142,769
Furniture, equipment and other	47,019	57,276	13,549	20,857	60,568	78,133
Sewer system	-	-	1,424,325	1,459,870	1,424,325	1,459,870
Gas distribution system	-	-	115,710	120,507	115,710	120,507
Total	<u>\$ 2,117,921</u>	<u>\$ 1,998,838</u>	<u>\$ 1,570,324</u>	<u>\$ 1,610,924</u>	<u>\$ 3,688,245</u>	<u>\$ 3,609,762</u>

Additional information on the Town's capital assets can be found in Note 8, Exhibit O of this report.

Non-current liabilities: At the end of the current fiscal year, the Town had total outstanding non-current liabilities of \$4,096 which represents capital leases. These liabilities will be serviced by general revenues of the Town.

Economic Factors and Next Year's Budget and Rates

- The budget planning began with the assumption that some of our revenues would produce little or no growth. In the years past, revenues have shown significant highs and lows. With this in mind, it has been our practice to budget little increases for these proceeds.
- Sales tax collections support the operations of the General Fund. The Town experienced a 2.9% decrease in sales tax collections from 2004 to 2005. For prudent planning the Town only budgeted 2006 collections to be 112.6% of the 2005 projections.
- Ad Valorem taxes are proposed at little growth for 2006.
- Interest earnings on investments have leveled off at historically low interest levels. Thus, for 2006 interest earnings are being proposed at the same level as we projected to earn in 2005.

Requests for Information

This financial report is designed to provide a general overview of the Town of Golden Meadow's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Town Clerk, P. O. Box 307, Golden Meadow, La. 70357. General information relating to the Town can be found at the Town's website, www.townofgoldenmeadow.com.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

Town of Golden Meadow, Louisiana

December 31, 2005

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 1,467,369	\$ 263,786	\$ 1,731,155
Investments	6,844	666	7,510
Receivables (net)	106,598	103,031	209,629
Internal balances	(1,734)	1,734	-
Due from other governments	184,080	-	184,080
Restricted assets:			
Cash and cash equivalents	-	51,621	51,621
Capital assets:			
Non-depreciable	129,100	2,500	131,600
Depreciable, net:	1,988,821	1,567,824	3,556,645
Total assets	3,881,078	1,991,162	5,872,240
LIABILITIES			
Accounts payable and other current liabilities	171,098	62,343	233,441
Deferred revenue	156,616	-	156,616
Liabilities payable from restricted assets	-	51,621	51,621
Non-current liabilities:			
Due within one year	11,448	-	11,448
Due in more than one year	4,096	-	4,096
Total liabilities	343,258	113,964	457,222
NET ASSETS			
Invested in capital assets, net of related debt	2,102,377	1,570,324	3,672,701
Restricted for:			
Streets and highways	239,247	-	239,247
Drainage and levee	100,406	-	100,406
Unrestricted	1,095,790	306,874	1,402,664
Total net assets	\$ 3,537,820	\$ 1,877,198	\$ 5,415,018

See notes to financial statements.

STATEMENT OF ACTIVITIES

Town of Golden Meadow, Louisiana

For the year ended December 31, 2005

	<u>Expenses</u>	<u>Program Revenue</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government:			
Governmental activities:			
General government	\$ 294,612	\$ 137,884	\$ 138,369
Public safety	341,388	317,085	16,450
Streets and highways	233,820	-	42,532
Drainage and levee	206,800	-	13,660
Culture and recreation	108,203	10,105	1,000
Sanitation	11,087	-	-
Interest on long-term obligations	1,014	-	-
Total governmental activities	<u>1,196,924</u>	<u>465,074</u>	<u>212,011</u>
Business-type activities:			
Gas distribution	426,176	454,393	-
Sewerage	<u>91,959</u>	<u>56,827</u>	-
Total business-type activities	<u>518,135</u>	<u>511,220</u>	-
Total primary government	<u>\$ 1,715,059</u>	<u>\$ 976,294</u>	<u>\$ 212,011</u>

General revenues:

Taxes:

Property

Sales taxes

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Transfers (to) from other funds

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

See notes to financial statements.

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (18,359)		\$ (18,359)
(6,932)		(6,932)
(91,288)		(91,288)
(193,140)		(193,140)
(97,098)		(97,098)
(11,087)		(11,087)
<u>(1,014)</u>		<u>(1,014)</u>
<u>(418,918)</u>		<u>(418,918)</u>
	\$ 28,217	28,217
	<u>(35,132)</u>	<u>(35,132)</u>
	<u>(6,915)</u>	<u>(6,915)</u>
<u>(418,918)</u>	<u>(6,915)</u>	<u>(425,833)</u>
147,775	-	147,775
281,599	-	281,599
78,230	-	78,230
87,912	-	87,912
26,627	-	26,627
17,080	-	17,080
<u>50,063</u>	<u>(50,063)</u>	<u>-</u>
<u>689,286</u>	<u>(50,063)</u>	<u>639,223</u>
270,368	(56,978)	213,390
<u>3,267,452</u>	<u>1,934,176</u>	<u>5,201,628</u>
<u>\$ 3,537,820</u>	<u>\$ 1,877,198</u>	<u>\$ 5,415,018</u>

BALANCE SHEET
GOVERNMENTAL FUNDS

Town of Golden Meadow, Louisiana

December 31, 2005

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Levee Maintenance Tax Fund</u>
Assets			
Cash and cash equivalents	\$ 517,449	\$ 579,622	\$ 91,319
Investments	3,430	3,414	-
Receivables (net, where applicable of allowances for uncollectibles):			
Taxes	24,242	-	19,252
Accounts	15,751	-	-
Due from other funds	866	-	-
Due from other governmental units	138,299	27,927	-
	<u>700,037</u>	<u>610,963</u>	<u>110,571</u>
Total assets	<u>\$ 700,037</u>	<u>\$ 610,963</u>	<u>\$ 110,571</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 120,100		\$ -
Liability for work completed on contracts	50,998		
Due to other funds	2,500		-
Deferred revenue	41,612		35,477
	<u>215,210</u>		<u>35,477</u>
Total liabilities	<u>215,210</u>		<u>35,477</u>
Fund Balances			
Unreserved, reported in:			
General Fund	484,827	\$ -	-
Special Revenue Funds	-	610,963	75,094
	<u>484,827</u>	<u>610,963</u>	<u>75,094</u>
Total fund balances	<u>484,827</u>	<u>610,963</u>	<u>75,094</u>
Total liabilities and fund balances	<u>\$ 700,037</u>	<u>\$ 610,963</u>	<u>\$ 110,571</u>

See notes to financial statements.

Exhibit C

<u>Drainage Maintenance Tax Fund</u>	<u>Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 41,536 -	\$ 237,343 -	\$ 100 -	\$ 1,467,369 6,844
19,253	18,900	-	81,647
-	-	9,200	24,951
-	-	-	866
<u>-</u>	<u>17,854</u>	<u>-</u>	<u>184,080</u>
<u>\$ 60,789</u>	<u>\$ 274,097</u>	<u>\$ 9,300</u>	<u>\$ 1,765,757</u>
\$ -	\$ -	\$ -	\$ 120,100
-	-	-	50,998
-	-	100	2,600
<u>35,477</u>	<u>34,850</u>	<u>9,200</u>	<u>156,616</u>
<u>35,477</u>	<u>34,850</u>	<u>9,300</u>	<u>330,314</u>
-	-	-	484,827
<u>25,312</u>	<u>239,247</u>	<u>-</u>	<u>950,616</u>
<u>25,312</u>	<u>239,247</u>	<u>-</u>	<u>1,435,443</u>
<u>\$ 60,789</u>	<u>\$ 274,097</u>	<u>\$ 9,300</u>	<u>\$ 1,765,757</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

Town of Golden Meadow, Louisiana

December 31, 2005

Fund Balances - Governmental Funds	\$ 1,435,443
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Governmental capital assets	\$ 4,896,465
Accumulated depreciation	<u>(2,778,544)</u> 2,117,921
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Capital lease liability	<u>(15,544)</u>
Net Assets of Governmental Activities	<u>\$ 3,537,820</u>

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Town of Golden Meadow, Louisiana

For the year ended December 31, 2005

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Levee Maintenance Tax Fund</u>
Revenues			
Taxes	\$ 45,712	\$ 281,599	\$ 33,865
Fines and forfeitures	317,085	-	-
Intergovernmental	189,476	-	-
Licenses and permits	94,316	-	-
Franchise fees	78,230	-	-
Charges for services	53,673	-	-
Investment income	12,397	14,230	2,045
Miscellaneous	73,156	-	-
Total revenues	<u>864,045</u>	<u>295,829</u>	<u>35,910</u>
Expenditures			
Current:			
General government	278,337		
Public safety	325,082		
Streets and highways	200,906		
Sanitation	9,459		
Drainage and levee	156,664		
Culture and recreation	92,348		
Debt service:			
Principal retirement	14,422		
Interest and fiscal charges	1,014		
Capital outlay	<u>152,197</u>		
Total expenditures	<u>1,230,429</u>		
Excess (deficiency) of revenues over expenditures	<u>(366,384)</u>	<u>295,829</u>	<u>35,910</u>
Other Financing Sources (Uses)			
Operating transfers in	525,303	-	-
Operating transfers out	<u>(12,809)</u>	<u>(310,571)</u>	<u>(35,000)</u>
Total other financing sources (uses)	<u>512,494</u>	<u>(310,571)</u>	<u>(35,000)</u>
Net Change in Fund Balances	146,110	(14,742)	910
Fund Balances			
Beginning of year	<u>338,717</u>	<u>625,705</u>	<u>74,184</u>
End of year	<u>\$ 484,827</u>	<u>\$ 610,963</u>	<u>\$ 75,094</u>

See notes to financial statements.

Exhibit E

Drainage Maintenance Tax Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
\$ 33,860	\$ 34,338		\$ 429,374
-	-		317,085
10,020	35,884		235,380
-	-		94,316
-	-		78,230
-	-		53,673
695	6,648		36,015
-	-		73,156
<u>44,575</u>	<u>76,870</u>		<u>1,317,229</u>
			278,337
			325,082
			200,906
			9,459
			156,664
			92,348
			14,422
			1,014
			<u>152,197</u>
			<u>1,230,429</u>
<u>44,575</u>	<u>76,870</u>		<u>86,800</u>
-	-		525,303
<u>(46,197)</u>	<u>(70,663)</u>		<u>(475,240)</u>
<u>(46,197)</u>	<u>(70,663)</u>		<u>50,063</u>
(1,622)	6,207		136,863
<u>26,934</u>	<u>233,040</u>		<u>1,298,580</u>
<u>\$ 25,312</u>	<u>\$ 239,247</u>	<u>\$ -</u>	<u>\$ 1,435,443</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Town of Golden Meadow, Louisiana

For the year ended December 31, 2005

Net Change in Fund Balance - Total Governmental Funds **\$ 136,863**

Amounts reported for governmental activities in the statement activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 152,197	
Depreciation expense	<u>(133,114)</u>	19,083

The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and contributions, is to increase net assets.

100,000

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments		<u>14,422</u>
--------------------	--	---------------

Change in Net Assets of Governmental Activities

\$ 270,368

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND

Town of Golden Meadow, Louisiana

For the year ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes - ad valorem	\$ 42,888	\$ 48,245	\$ 45,712	\$ (2,533)
Fines and forfeitures	238,800	296,059	317,085	21,026
Intergovernmental:				
Federal Government:				
Federal Emergency Management Agency	-	310,214	126,242	(183,972)
State of Louisiana:				
Video poker	28,000	22,000	23,319	1,319
Beer taxes	3,800	3,000	2,834	(166)
Interim Emergency Board	-	-	12,127	
Local Law Enforcement Grant	4,440	2,500	921	(1,579)
State supplemental pay	18,000	16,450	16,450	-
Lafourche Parish Council:				
Recreation District No. 3	4,400	3,400	1,000	(2,400)
Off track betting	1,900	1,916	1,375	(541)
Lafourche Housing Authority	4,350	4,350	4,308	(42)
Lafourche Parish Drainage District No. 1	10,000	900	900	-
Licenses and permits - occupational licenses	91,200	94,357	94,316	(41)
Franchise fees	77,000	77,184	78,230	1,046
Charges for services	51,800	49,694	53,673	3,979
Investment income	3,800	12,483	12,397	(86)
Miscellaneous:				
Donations	1,500	11,360	5,415	(5,945)
Mineral royalties	130,000	48,861	60,384	11,523
Other	6,115	6,180	7,357	1,177
Total revenues	717,993	1,009,153	864,045	(157,235)
Expenditures				
Current:				
General government	190,399	476,227	278,337	197,890
Public safety	277,739	322,547	325,082	(2,535)
Streets and highways	165,590	189,515	200,906	(11,391)
Sanitation	15,060	9,775	9,459	316
Drainage and levee	119,706	166,096	156,664	9,432
Culture and recreation	93,844	88,637	92,348	(3,711)
Debt service:				
Principal retirement	15,383	14,422	14,422	-
Interest and fiscal charges	1,158	1,031	1,014	17
Capital outlay	29,884	152,122	152,197	(75)
Total expenditures	908,763	1,420,372	1,230,429	189,943
Deficiency of revenues over expenditures	(190,770)	(411,219)	(366,384)	32,708
Other Financing Sources (Uses)				
Operating transfers in	345,000	544,747	525,303	(19,444)
Operating transfers out	-	-	(12,809)	12,809
Total other financing sources (uses)	345,000	544,747	512,494	(6,635)
Net Change in Fund Balances	\$ 154,230	\$ 133,528	146,110	\$ 26,073
Fund Balance				
Beginning of year			338,717	
End of year			<u>\$ 484,827</u>	

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - SALES TAX FUND

Town of Golden Meadow, Louisiana

For the year ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes - sales	\$ 270,000	\$ 221,995	\$ 281,599	\$ 59,604
Investment income	5,900	13,827	14,230	403
Total revenues	275,900	235,822	295,829	60,007
Other Financing Uses				
Operating transfers out	<u>(225,000)</u>	<u>(303,550)</u>	<u>(310,571)</u>	<u>(7,021)</u>
Net Change in Fund Balances	<u>\$ 50,900</u>	<u>(67,728)</u>	<u>(14,742)</u>	<u>\$2,986</u>
Fund Balance				
Beginning of year		<u>625,705</u>	<u>625,705</u>	<u>-</u>
End of year		<u>\$ 557,977</u>	<u>\$ 610,963</u>	<u>\$ 52,986</u>

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - LEVEE MAINTENANCE TAX FUND

Town of Golden Meadow, Louisiana

For the year ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes - ad valorem	\$ 36,500	\$ 44,375	\$ 33,865	\$ (10,510)
Investment income	800	2,250	2,045	(205)
Total revenues	37,300	46,625	35,910	(10,715)
Other Financing Uses				
Operating transfers out	<u>(30,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 7,300</u>	<u>\$ 11,625</u>	910	<u>\$ (10,715)</u>
Fund Balance				
Beginning of year			<u>74,184</u>	
End of year			<u>\$ 75,094</u>	

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DRAINAGE MAINTENANCE TAX FUND

Town of Golden Meadow, Louisiana

For the year ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes - ad valorem	\$ 36,500	\$ 44,380	\$ 33,860	\$ (10,520)
Intergovernmental:				
Lafourche Parish Drainage District No. 1	-	10,000	10,020	20
Investment income	300	677	695	18
Total revenues	36,800	55,057	44,575	(10,482)
Other Financing Uses				
Operating transfers out	(30,000)	(46,197)	(46,197)	-
Net Change in Fund Balances	<u>\$ 6,800</u>	<u>\$ 8,860</u>	(1,622)	<u>\$ (10,482)</u>
Fund Balance				
Beginning of year			26,934	
End of year			<u>\$ 25,312</u>	

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - STREET FUND

Town of Golden Meadow, Louisiana

For the year ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes - ad valorem	\$ 35,920	\$ 42,520	\$ 34,338	\$ (8,182)
Intergovernmental:				
State of Louisiana:				
Parish Transportation Fund	17,000	17,352	18,058	706
Maintenance Agreement	6,307	6,307	6,307	-
Lafourche Parish Council	10,300	10,300	11,519	1,219
Investment income	2,500	6,495	6,648	153
Total revenues	72,027	82,974	76,870	(6,104)
Other Financing Uses				
Operating transfers out	(60,000)	(160,000)	(70,663)	89,337
Net Change in Fund Balances	<u>\$ 12,027</u>	(77,026)	6,207	83,233
Fund Balance				
Beginning of year		233,040	233,040	-
End of year		<u>\$ 156,014</u>	<u>\$ 239,247</u>	<u>\$ 83,233</u>

See notes to financial statements.

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

Town of Golden Meadow, Louisiana

December 31, 2005

	Business-type Activities - Enterprise Funds		
	Gas Distribution System Fund	Sewerage Fund	Total
ASSETS			
Current			
Cash and cash equivalents	\$ 224,995	\$ 38,791	\$ 263,786
Investments	666	-	666
Receivables:			
Accounts (net of uncollectibles of \$7,003 and \$1,527, respectively)	16,197	4,946	21,143
Unbilled service revenues	77,341	4,547	81,888
Due from other funds	590	2,500	3,090
Total current assets	319,789	50,784	370,573
Restricted			
Cash and cash equivalents:			
Customer deposits	51,621		51,621
Capital Assets			
Non-depreciable	2,500	-	2,500
Depreciable, net	141,370	1,426,454	1,567,824
Total capital assets	143,870	1,426,454	1,570,324
Total assets	515,280	1,477,238	1,992,518
LIABILITIES			
Current			
Payable from current assets:			
Accounts payable and accrued expenses	61,019	1,324	62,343
Due to other funds	766	590	1,356
Total payable from current assets	61,785	1,914	63,699
Payable from restricted assets:			
Customers' meter deposits	51,621	-	51,621
Total current liabilities	113,406	1,914	115,320
NET ASSETS			
Invested in capital assets, net of related debt	143,870	1,426,454	1,570,324
Unrestricted	258,004	48,870	306,874
Total net assets	\$ 401,874	\$ 1,475,324	\$ 1,877,198

See notes to financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

Town of Golden Meadow, Louisiana

For the year ended December 31, 2005

	<u>Business-type Activities - Enterprise Funds</u>		
	Gas Distribution System Fund	Sewerage Fund	Total
Operating Revenues			
Sales and service charges	\$ 450,500	\$ 56,095	\$ 506,595
Miscellaneous	273	243	516
Total operating revenues	<u>450,773</u>	<u>56,338</u>	<u>507,111</u>
Operating Expenses			
Salaries	50,306	7,800	58,106
Per diem	6,807	6,612	13,419
Payroll taxes	4,951	506	5,457
Retirement	8,203	923	9,126
Hospitalization insurance	10,001	162	10,163
Utilities and telephone	436	9,335	9,771
Repairs and maintenance	20,139	23,320	43,459
Truck	3,521	1,073	4,594
Other insurance	5,054	2,763	7,817
Office	5,112	-	5,112
Postage and freight	1,921	-	1,921
Legal and auditing	7,875	-	7,875
Travel	328	1,720	2,048
Gas purchases	286,453	-	286,453
Depreciation	13,545	36,155	49,700
Miscellaneous	1,524	1,590	3,114
Total operating expenses	<u>426,176</u>	<u>91,959</u>	<u>518,135</u>
Operating income (loss)	<u>24,597</u>	<u>(35,621)</u>	<u>(11,024)</u>
Nonoperating Revenues			
Investment income	3,620	489	4,109
Income (loss) before transfers	<u>28,217</u>	<u>(35,132)</u>	<u>(6,915)</u>
Transfer From Other Funds			
General Fund	-	12,809	12,809
Transfer To Other Funds			
General Fund	<u>(62,872)</u>	<u>-</u>	<u>(62,872)</u>
Change in Net Assets	<u>(34,655)</u>	<u>(22,323)</u>	<u>(56,978)</u>
Net Assets			
Beginning of year	<u>436,529</u>	<u>1,497,647</u>	<u>1,934,176</u>
End of year	<u>\$ 401,874</u>	<u>\$ 1,475,324</u>	<u>\$ 1,877,198</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Town of Golden Meadow, Louisiana

For the year ended December 31, 2005

	Business-type Activities-Enterprise Funds		
	Gas Distribution System Fund	Sewerage Fund	Total
Cash Flows from Operating Activities			
Cash received from customers and users	\$ 429,661	\$ 57,309	\$ 486,970
Cash payments to suppliers	(277,516)	(56,536)	(334,052)
Cash payments to employees for services and benefits	(80,268)	(16,003)	(96,271)
Net cash provided by (used for) operating activities	71,877	(15,230)	56,647
Cash Flows from Noncapital Financing Activities			
Transfers (to) from other funds	(62,872)	12,809	(50,063)
Cash Flows from Capital Activities			
Acquisition and construction of capital assets	(9,100)		(9,100)
Cash Flows from Investing Activities			
Proceeds from maturities of investments	287		287
Investment income	3,620	489	4,109
Net cash provided by investing activities	3,907	489	4,396
Net Increase (Decrease) in Cash and Cash Equivalents			
	3,812	(1,932)	1,880
Cash and Cash Equivalents			
Beginning of year	272,804	40,723	313,527
End of year	\$ 276,616	\$ 38,791	\$ 315,407
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 24,597	\$ (35,621)	\$ (11,024)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	13,545	36,155	49,700
(Increase) decrease in assets:			
Receivables	(21,112)	971	(20,141)
Due from other funds	49,191	(1,706)	47,485
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	4,141	(126)	4,015
Customer deposits	960	-	960
Due to other funds	555	(14,903)	(14,348)
Total adjustments	47,280	20,391	67,671
Net cash provided by (used for) operating activities	\$ 71,877	\$ (15,230)	\$ 56,647

See notes to financial statements.

CONTENTS OF NOTES TO FINANCIAL STATEMENTS

Town of Golden Meadow, Louisiana

December 31, 2005

	<u>Page Number</u>
Note 1 - Summary of Significant Accounting Policies:	
a) Reporting Reporting Entity	32-33
b) Basis of Presentation	33-37
c) Basis of Accounting and Measurement Focus	37-38
d) Assets, Liabilities and Fund Equity	38-43
e) New Accounting Pronouncements	43
Note 2 - Stewardship, Compliance and Accountability	44
Note 3 - Property Taxes	45
Note 4 - Deposits and Investments	46-49
Note 5 - Receivables	49-50
Note 6 - Due From Other Governmental Units	51
Note 7 - Restricted Assets	51
Note 8 - Change in Capital Assets	52-54
Note 9 - Accounts Payable and Other Current Liabilities	54
Note 10 - Due To and From Other Funds	55
Note 11 - Non-Current Liabilities	56
Note 12 - Major Suppliers - Enterprise Funds	56
Note 13 - Reconciliation of Operating Transfers	57
Note 14 - Risk Management	58
Note 15 - Commitments and Contingencies	58
Note 16 - Postretirement Hospitalization and Life Insurance Benefits	58
Note 17 - Pension Plans	59-60
Note 18 - On-Behalf Payments for Supplemental Pay	60

NOTES TO FINANCIAL STATEMENTS**Town of Golden Meadow, Louisiana**

December 31, 2005

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Golden Meadow, Louisiana (the Town) complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Town the option of electing to apply FASB pronouncements issued after November 30, 1989. The Town has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. The more significant of the government's accounting policies are described below.

a) Financial Reporting Entity

The Town of Golden Meadow, Louisiana was incorporated July 17, 1950, under the provisions of Act 136 (Lawson Act) of 1898, State of Louisiana. The Town operates under a Mayor-Town Council form of government and provides the following services as authorized by its charter: public safety, streets and highways, drainage, levee maintenance, sanitation, culture-recreation, gas distribution system, sewerage, planning and zoning, and general administrative services.

As the governing authority of township, the Town of Golden Meadow is the financial reporting entity for the Town of Golden Meadow, Louisiana. The financial reporting entity consists of (a) the primary government (the Town of Golden Meadow), (b) organizations for which the Town of Golden Meadow is financially accountable and (c) other organizations for which nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial Reporting Entity (continued)

GASB Statement No. 14, The Financial Reporting Entity, established the criterion for determining which component units should be considered part of the Town for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the Town and the potential component unit.
4. Imposition of will by the Town on the potential component unit.
5. Financial benefit/burden relationship between the Town and the potential component unit.

Based on the previous criteria, the Town of Golden Meadow, Louisiana has no component units.

b) Basis of Presentation

The Town's financial statements consist of the government-wide statements on all of the non-fiduciary activities of the primary government and the fund financial statements (individual major funds and combined non-major funds).

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities for the primary government. For the most part, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Governmental Activities represent programs, which normally are supported by taxes and intergovernmental revenues.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (continued)

Business-Type Activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated by function for financial reporting in this statement; however, certain indirect costs have been directly allocated as administrative fees to grants and special fund programs. Program revenue include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. This includes internally dedicated resources such as a restricted property tax.

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of the GASB Statement No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column.

The daily accounts and operations of the Town continue to be organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds of the primary government are grouped, into generic fund types and two broad fund categories as follows:

Governmental Activities presented as Governmental Funds in the fund financial statements:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (continued)

General Fund -- The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those required to be accounted for in other funds. The General Fund is always a major fund.

Special Revenue Funds -- Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. Special Revenue Funds reported as major funds in the fund financial statements are as follows:

Sales Tax Fund - To account for the receipt and appropriation of proceeds of the Town's 1% sales and use tax. The revenues derived from the tax are to be used for the purposes of constructing, acquiring, extending and/or improving drainage facilities, streets (including sidewalks and street lighting facilities), public buildings, public parks, and fire department and police stations and equipment; public works, buildings, improvements and facilities, title to which improvements shall be in the public, and for the purpose of paying principal and interest on any bonded debt or funded indebtedness of the Town. The tax may be subject to funding bonds by the Town, and it may be used for the purpose of paying any costs of salary and/or administrative costs of any employee of the Town and to pay any or all costs of any services and costs of any legal functions of the Town.

Levee Maintenance Tax Fund - To account for the receipt and appropriation of proceeds from a 5.09 mill ad valorem tax levied on the assessed valuation of taxable property situated within the corporate limits of the Town of Golden Meadow. The tax is used to defray the cost of maintaining levees in the Town of Golden Meadow.

Drainage Maintenance Tax Fund - To account for the receipt and appropriation of proceeds from a 5.09 mill ad valorem tax levied on the assessed valuation of taxable property situated within the corporate limits of the Town of Golden Meadow used to defray the cost of maintaining drainage works in the Town of Golden Meadow.

Street Fund - To account for the receipt and appropriation of proceeds from a 5.0 mill ad valorem tax, levied on the assessed valuation of taxable property situated within the corporate limits of the Town of Golden Meadow used to

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

defray the cost of maintaining streets in the Town of Golden Meadow and receipt of proceeds from Parish Transportation Fund, State Maintenance Agreement and Lafourche Parish Intergovernmental Agreement. The revenues derived are to be used for cost incurred to build, repair and maintain streets, culverts and other drainage facilities and to purchase equipment for road work.

Seawall Project Fund – to account for the receipt of funds from the U.S. Department of Homeland Security passed through the State of Louisiana, Military Department, Office of Homeland Security and Emergency Preparedness and Lafourche Parish Council for the construction of Flood Wall Improvements.

Capital Projects Fund - accounts for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The Capital Projects Fund is not a major fund.

Proprietary Funds:

Enterprise Funds – are used to account for operations: (a) that are financed and operated similarly to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise Funds are presented in the business-type activities column in government-wide financial statements and the major funds section of the basic financial statements, the two Enterprise Funds reported as major funds in the fund financial statements are as follows:

Gas Distribution System Fund - To account for the distribution of natural gas services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Sewerage Fund - To account for sewer services to residents within the Sewer Service District of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

c) Basis of Accounting and Measurement Focus

Government-Wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing resources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Charges for services, fines and forfeitures and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. The Town's definition of available means expected to be received within sixty days of the end of the fiscal year.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Accounting and Measurement Focus (continued)

Nonexchange transactions, in which the Town receives value without directly giving value in return, included sales tax, property tax, special assessments, grants, entitlements and donations. Ad valorem taxes are recognized as revenue of the period in which levied. The current year property taxes are being levied to finance the subsequent year's budgeted expenditures by Town ordinance and legally are not available for funding current year expenditures, accordingly, property taxes levied in 2005 shall be recognized as revenue in 2006. The 2005 tax levy is recorded as deferred revenue in the Town's 2005 financial statements. Sales and use taxes are considered "measurable" when the underlying transaction occurs and meets the availability criteria. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources can be used.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due and (2) claims and judgments are recorded as expenditures in the governmental fund type when paid with expendable financial resources. Allocations of cost such as depreciation and amortization are not recognized in the governmental funds.

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Revenues resulting from transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

d) Assets, Liabilities and Fund Equity

Cash, Cash Equivalents and Investments

Cash includes amounts in regular and money market accounts.

Investment policies are governed by state statutes and bond covenants. Additional details on authorized investments of the Town are disclosed in Note 4.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities and Fund Equity (continued)

Cash, Cash Equivalents and Investments (continued)

For purposes of the statement of cash flows, cash and cash equivalents include certificates of deposit, the investment in the Louisiana Asset Management Pool (LAMP), and securities with maturities of three months or less from date purchased.

Investments are stated at fair value as established by the open market, except for the LAMP investment, which is a local government 2a7-like pool administered a non-profit corporation organized under State of Louisiana law, which is permitted to be carried at amortized cost.

Securities traded in a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. Unrealized gains and losses on investments recorded at fair value are included in investment income.

Accounts Receivables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles. The allowances represent approximately 8% of receivables from business-type activities.

Interfund Transactions

In the financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be paid. For reporting purposes, all interfund transactions between individual governmental funds have been eliminated in the government-wide financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Note 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities and Fund Equity (continued)

Capital Assets

Capital assets, which include land and land improvements, buildings, equipment and infrastructure assets (streets, roads, bridges, canals and sewer and drainage systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year and initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects at completion of construction. At this point the project costs are moved out of construction-in-progress and capitalized.

Capital Assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Type of Capital Assets</u>	<u>No. of Years</u>
Buildings and building improvements	10 – 40
Christmas fixtures	10
Protection levee	25 – 40
Swimming pool	20 – 40
Auto's and trucks	5 – 7
Sidewalks, streets and drainage	7 – 40
Oakridge Park	15 – 40
Office furniture and fixtures	5 – 7
Department equipment	5 – 15
DMV building	40
Gas Distribution and Sewer Systems	20 – 50

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities and Fund Equity (continued)

Non-Current Liabilities

The accounting treatment of non-current liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All non-current liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. Non-current liabilities consist of capital leases.

Non-current liabilities for governmental funds are not reported liabilities in the fund financial statements. Capital lease proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

Compensated Absences

GASB Statement No. 16, *Accounting for Compensated Absences*, requires governments to accrue compensated absences only to the extent it is probable that the employer will compensate employees for benefits through cash payments conditioned on the employees' termination or retirement.

In the government-wide financial statements and the proprietary fund types fund statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. A current liability is recorded for the value of one year's accrual of leave. In accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March 2000), no compensated absences liability is recorded at December 31, 2005 in the governmental fund-type fund financial statements.

A total of 5 to 10 days annual leave and 10 days sick leave per year may be accumulated by each employee. Employees may not carry over or accumulate annual leave. Any sick leave not used during any calendar year can be carried over and accumulated without limit. Any sick leave accumulated at the time of termination of employment by the Town shall not be paid.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities and Fund Equity (continued)

Fund Equity

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance may be further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Reserved means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities and Fund Equity (continued)

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

e) New Accounting Pronouncements

The Town adopted GASB Statement No. 40, Deposits and Investment Risks Disclosures, an amendment of GASB Statement No. 3. Statement No. 40 addresses disclosure of common deposit and investment risks related to credit risk, concentration of credit risks, interest rate risk and foreign currency risk, such disclosures are included in Note 4. Adoption of Statement No. 40 does not affect the Town's financial position, results of operations or cash flows.

The Town adopted GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries. Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets and also establishes accounting requirements for insurance recoveries. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. Adoption of Statement No. 42 does not materially affect the Town's financial position, results of operations or cash flows.

Note 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the Capital Projects Fund. The Capital Project Fund present project as opposed to annual budgets and are therefore not reported in the accompanying financial report. The Town Council, who approves each project budget, maintains effective controls of costs. Annual appropriated budgets are adopted for the following governmental funds: general and special revenue. All annual appropriations lapse at year-end.

The Town does not employ encumbrance accounting; under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

The Town adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- a. Not later than December 16, a proposed operating budget for the year commencing the following January 1 shall be submitted to the Town Council. The operating budget includes proposed expenditures and the means of financing them.
- b. The Town Council conducts public hearings to obtain taxpayer comments.
- c. All actions necessary to adopt and otherwise finalize and implement the budget for an ensuing year are taken prior to the end of the year in progress.
- d. The level of budgetary control is at the fund, department or project level and any amendment involving the transfer of monies from one fund, department or project to another or any amendment for amounts exceeding any current expenditure amount budgeted must be approved by the Town Council.
- e. All budgeted amounts, which are not expended, or obligated through contracts, lapse at year end.
- f. Budgets for all governmental fund types are adopted on a basis consistent with GAAP.
- g. The budget was amended one time during the year.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Town. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana Law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2004. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The assessed value, upon which the 2005 levy was based was \$6,970,020.

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to the review and certification by the Louisiana Tax Commission.

The Town has levied property taxes for maintenance of levees, drainage and streets and for general corporate purposes. The various tax rates for the year ended December 31, 2005 were as follows:

<u>Description</u>	<u>Tax Rate</u> <u>Per \$1,000</u>
Levee Maintenance	\$5.09
Drainage Maintenance	5.09
Street Maintenance	5.00
General	5.97

As indicated in Note 1c, property taxes are recorded as revenue by the Town in the year the taxes finance budgeted expenditures. Property taxes, which are paid under protest, are recorded as revenue in the year the taxes are settled.

Note 4 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Bank Deposits:

State Law requires deposits (cash and certificates of deposits) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision, or with an unaffiliated bank, or with a trust company for the account of the political subdivision.

The year end balances of deposits are as follows:

	<u>Bank Balance</u>	<u>Reported Amount</u>
Cash	<u>\$ 649,852</u>	<u>\$ 634,681</u>

Custodial credit risk is the risk that in the event of a bank failure, the Council's deposits may not be returned to it. The Town has a written policy for custodial credit risk. As of December 31, 2005, \$362,167 of the Town's bank balance of \$649,852 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Town's name.

Note 4 - DEPOSITS AND INVESTMENTS (continued)

At December 31, 2005, cash were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Town. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the Town to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

At December 31, 2005, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Government National Mortgage Association	\$ 7,510	\$ -	\$ -	\$ -	\$ 7,510
Louisiana Asset Management Pool (LAMP)	<u>1,147,395</u>	<u>1,147,395</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,154,905</u>	<u>\$ 1,147,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,510</u>

Because LAMP as of December 31, 2005, had a weighted average maturity of 13 days, it was presented as an investment with a maturity of less than one year.

As a means of limiting its exposure to fair value losses arising from interest rates, The Town's investment policy emphasizes maintaining liquidity to match specific cash flows.

Note 4 - DEPOSITS AND INVESTMENTS (continued)

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's investment policy requires the application of the prudent-investor rule. The policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affair, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of principal secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return.*

The Town's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAm.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP at December 31, 2005 amounted to \$1,147,395.

Note 4 - DEPOSITS AND INVESTMENTS (Continued)

A reconciliation of deposits and investments as shown on the Statement of Net Assets is as follows:

Cash on hand	\$ 700
Reported amount of deposits	634,681
Reported amount of investments	<u>1,154,905</u>
Total	<u>\$ 1,790,286</u>
Cash and cash equivalents	\$ 1,731,155
Cash and cash equivalents-restricted	51,621
Investments	<u>7,510</u>
Total	<u>\$ 1,790,286</u>

Note 5 - RECEIVABLES

An allowance based upon past experience has been established for customers' gas billings and sewerage fees. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectability of the particular receivable.

Receivable and the applicable allowances for doubtful accounts at December 31, 2005 were as follows:

Note 5 – RECEIVABLES (Continued)

	<u>Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
Governmental Activities:			
General Fund:			
Property Taxes	\$ 24,242		\$ 24,242
Accounts	15,751		15,751
Levee Maintenance Tax Fund:			
Property Taxes	19,252		19,252
Drainage Maintenance Tax Fund:			
Property Taxes	19,253		19,253
Street Fund:			
Property Taxes	18,900		18,900
Non-Major Funds:			
Accounts	<u>9,200</u>		<u>9,200</u>
 Total governmental funds	 <u>\$ 106,598</u>		 <u>\$ 106,598</u>
 Business-type Activities:			
Gas Distribution System Fund:			
Accounts	\$ 100,541	\$ (7,003)	\$ 93,538
Sewerage Fund:			
Accounts	<u>11,020</u>	<u>(1,527)</u>	<u>9,493</u>
 Total business-type activities	 <u>\$ 111,561</u>	 <u>\$ (8,530)</u>	 <u>\$ 103,031</u>

Accounts receivable in the business-type activities include amounts for unbilled services as of December 31, 2005 of \$81,888.

Note 6 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2005 consisted of the following:

	<u>State</u>	<u>School Board</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 130,788	\$ -	\$ 7,511	\$ 138,299
Sales Tax Fund	-	27,927	-	27,927
Street Fund	<u>6,335</u>	<u>-</u>	<u>11,519</u>	<u>17,854</u>
 Total governmental activities	 <u>\$ 137,123</u>	 <u>\$ 27,927</u>	 <u>\$ 19,030</u>	 <u>\$ 184,080</u>

Note 7 - RESTRICTED ASSETS

Restricted assets at December 31, 2005 in the enterprise funds consists of \$51,621 of customer deposits.

Note 8 - CHANGE IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

	Balance 1/1/2005	Additions	Adjustments and Deletions	Balance 12/31/2005
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 91,100			\$ 91,100
Construction in progress	38,000			38,000
Total capital assets not being depreciated	<u>129,100</u>			<u>129,100</u>
Capital assets being depreciated:				
Buildings and improvements	216,806	\$ -	\$ -	216,806
Christmas fixtures	16,904	-	-	16,904
Protection levee	164,195	-	-	164,195
Swimming pool	330,019	-	-	330,019
Autos and trucks	142,235	17,100	(29,433)	129,902
Sidewalks, streets and drainage	2,671,479	231,380	-	2,902,859
Oakridge Park	591,817	-	-	591,817
Office furniture and fixtures	18,393	1,934	-	20,327
Equipment:				
Street department	95,207	-	(863)	94,344
Sanitation department	11,400	-	-	11,400
Police department	65,368	1,783	-	67,151
DMV Building	221,641	-	-	221,641
Total capital assets being depreciated	<u>4,545,464</u>	<u>252,197</u>	<u>(30,296)</u>	<u>4,767,365</u>
Less accumulated depreciation for:				
Buildings and improvements	(105,957)	(5,081)	-	(111,038)
Christmas fixtures	(16,904)	-	-	(16,904)
Protection levee	(164,195)	-	-	(164,195)
Swimming pool	(147,266)	(8,629)	-	(155,895)
Autos and trucks	(98,846)	(16,648)	29,433	(86,061)
Sidewalks, streets and drainage	(1,527,172)	(76,585)	-	(1,603,757)
Oakridge Park	(449,048)	(6,656)	-	(455,704)
Office furniture and fixtures	(8,115)	(3,090)	-	(11,205)
Equipment:				
Street department	(70,418)	(3,230)	863	(72,785)
Sanitation department	(5,253)	(1,628)	-	(6,881)
Police department	(49,306)	(6,026)	-	(55,332)
DMV Building	(33,246)	(5,541)	-	(38,787)
Total accumulated depreciation	<u>(2,675,726)</u>	<u>(133,114)</u>	<u>30,296</u>	<u>(2,778,544)</u>
Total capital assets being depreciated, net	<u>1,869,738</u>	<u>119,083</u>	<u>-</u>	<u>1,988,821</u>
Total governmental activities capital assets, net	<u>\$ 1,998,838</u>	<u>\$ 119,083</u>	<u>\$ -</u>	<u>\$ 2,117,921</u>

Note 8 - CHANGE IN CAPITAL ASSETS (Continued)

	Balance 1/1/2005	Additions	Adjustments and Deletions	Balance 12/31/2005
<u>Business-Type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 2,500			\$ 2,500
Capital assets being depreciated:				
Sewer system phase I	756,659	\$ -	\$ -	756,659
Sewer system phase II	1,044,410	-	-	1,044,410
Gas distribution system	459,031	-	-	459,031
Auto's and trucks	37,314	10,000	-	47,314
Furniture and fixtures	87,733	-	-	87,733
Equipment and machinery	29,305	-	(3,000)	26,305
Total capital assets being depreciated	2,414,452	10,000	(3,000)	2,421,452
Less accumulated depreciation for:				
Sewer system phase I	(204,570)	(15,056)	-	(219,626)
Sewer system phase II	(136,629)	(20,489)	-	(157,118)
Gas distribution system	(338,524)	(4,797)	-	(343,321)
Auto's and trucks	(30,124)	(2,950)	-	(33,074)
Furniture and fixtures	(70,738)	(5,526)	-	(76,264)
Equipment and machinery	(25,443)	(882)	2,100	(24,225)
Total accumulated depreciation	(806,028)	(49,700)	2,100	(853,628)
Total capital assets being depreciated, net	1,608,424	(39,700)	(900)	1,567,824
Total business-type activities capital assets, net	\$ 1,610,924	\$ (39,700)	\$ (900)	\$ 1,570,324

Depreciation expense was charged to functions of the Town as follows:

Note 8 - CHANGE IN CAPITAL ASSETS (Continued)

Governmental Activities:

General government	\$ 16,275
Public safety	16,306
Culture and recreation	15,855
Streets and highways	32,914
Drainage and levee	50,136
Sanitation	<u>1,628</u>

Total depreciation expense - governmental activities	<u>\$ 133,114</u>
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Business-Type Activities:

Gas Distribution	\$ 13,545
Sewerage	<u>36,155</u>

Total depreciation expense - business-type activities	<u>\$ 49,700</u>
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Note 9 - ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities at December 31, 2005 consisted of the following:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total Accounts Payable and Accrued Expenditures</u>	<u>Liability for Work on Completed Contracts</u>	<u>Total Accounts Payable and Other Current Liabilities</u>
<u>Governmental activities:</u>						
General	<u>\$ 94,386</u>	<u>\$ 10,671</u>	<u>\$ 15,043</u>	<u>\$ 120,100</u>	<u>\$ 50,998</u>	<u>\$ 171,098</u>
<u>Business-type activities:</u>						
Gas Distribution	\$ 61,019	-	-	\$ 61,019		\$ 61,019
Sewerage	<u>1,324</u>	<u>-</u>	<u>-</u>	<u>1,324</u>		<u>1,324</u>
Total business-type activities	<u>\$ 62,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,343</u>		<u>\$ 62,343</u>

Note 10 - DUE TO AND FROM OTHER FUNDS

Due to and from other funds are listed by fund for the year ended December 31, 2005:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Gas Distribution System Fund	\$ 766	\$ -
Sewerage Fund	-	2,500
Non-major Funds	100	-
Totals	<u>866</u>	<u>2,500</u>
Gas Distribution System Fund:		
General Fund		766
Sewerage Fund	590	
Totals	<u>590</u>	<u>766</u>
Sewerage Fund:		
General Fund	2,500	
Gas Distribution System Fund		590
Totals	<u>2,500</u>	<u>590</u>
Non-major Funds:		
General Fund		100
Grand Totals	<u>\$ 3,956</u>	<u>\$ 3,956</u>

The balances above resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Note 11 - NON-CURRENT LIABILITIES

The Town has entered into several lease agreements for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The assets acquired through the capital leases are recorded in the governmental activities at a cost of \$49,574, and \$8,100 accumulated depreciation as of December 31, 2005. During the year ended December 31, 2005, the Town made lease payments of \$15,436 including \$1,014 of interest.

The following is a summary of the non-current liabilities for the year ended December 31, 2005:

Payable at January 1, 2005	\$ 29,966
Obligations retired	<u>(14,422)</u>
Payable at December 31, 2005	<u>\$ 15,544</u>
Due with in one year	<u>\$ 11,448</u>

Capital leases are liquidated by the General Fund.

The annual requirements to amortize the capital lease including principal and interest, at December 31, 2005, are as follows:

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 11,448	\$ 484
2007	<u>4,096</u>	<u>39</u>
Totals	<u>\$ 15,544</u>	<u>\$ 523</u>

Note 12 - MAJOR SUPPLIERS - ENTERPRISE FUNDS

During the year ended December 31, 2005 the Town made all of its purchases of natural gas from one supplier totaling \$286,453.

Note 13– RECONCILIATION OF OPERATING TRANSFERS

A reconciliation of operating transfers for the year ended December 31, 2005 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Sales Tax Fund	\$ 310,571	\$ -
Levee Maintenance Fund	35,000	-
Drainage Maintenance Tax Fund	46,197	-
Street Fund	70,663	-
Gas Distribution System Fund	62,872	-
Sewerage Fund	-	12,809
Totals	<u>525,303</u>	<u>12,809</u>
 Sales Tax Fund:		
General Fund		<u>310,571</u>
 Levee Maintenance Fund:		
General Fund		<u>35,000</u>
 Drainage Maintenance Tax Fund:		
General Fund		<u>46,197</u>
 Street Fund:		
General Fund		<u>70,663</u>
 Gas Distribution System Fund:		
General Fund		<u>62,872</u>
 Sewerage Fund:		
General Fund	<u>12,809</u>	<u>-</u>
 Grand Totals	<u>\$ 538,112</u>	<u>\$ 538,112</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Note 14 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the Town carries commercial insurance. The Town is covered under a general liability contract for claims, including claims related to the gas distribution system, up to \$500,000. Any claims in excess of \$500,000 are to be paid by the Town. Various suits and claims are pending against the Town, its insurers and others. The Town has not provided for estimated losses from the aforementioned pending suits and claims in its financial statements because the Town believes the ultimate settlement costs will not materially exceed the amounts provided by commercial insurance.

Note 15 - COMMITMENTS AND CONTIGENCIES

The Town received funding under grants from various Federal and state governmental agencies. The agency grants specify the purpose for which the grant monies are to be used; the grants are subject to audit by the granting agency or its representative.

The state of Louisiana incurred significant losses as a result of Hurricanes Katrina and Rita in August and September 2005. Hurricane relief and recovery efforts have stretched the State's finances and increased the likelihood of cuts in the Town's future funding from the State. If significant budget cuts are made at the Federal, state and local government levels, the amount of funds that the Town will receive could be reduced significantly and have an adverse impact on its operations. Management is not able to estimate at this time the amount of funds that the Town will receive from future state funding. However, management believes that it will receive sufficient funds to avoid a material impact on the Town's future operations.

Note 16 - POSTRETIREMENT HOSPITALIZATION AND LIFE INSURANCE BENEFITS

The Town provides for the payment of hospitalization and life insurance premiums for retired employees as approved by the Town Council. The Town funds the entire premium for all employees retiring with at least ten years service and retiring from the formal retirement systems until they reach the age of 65. The cost of providing these benefits is recognized as an expense as premiums are paid. For the year ended December 31, 2005 those costs amounted to \$8,033.

Future liabilities under the Town's plan for potentially eligible employees are dependent upon the age and length of service of those employees. The average employee age and service years are not available. At December 31, 2005, the average hospitalization and life insurance cost per retired employee was approximately \$335 per month and the average number of retired employees was 2.

Note 17 - PENSION PLANS

Employees of the Town, with the exception of the policemen, are members of the Municipal Employees' Retirement System of Louisiana. Full-time policemen, not participating in the Federal Social Security System, are members of the Municipal Police Employees' Retirement System of Louisiana (MPERS).

a.) Municipal Employees' Retirement System

Plan Description - The Town contributes to Plan A of the Municipal Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 356 of the 1954 Louisiana Legislative Session established the plan. Act 569 of the 1968 Louisiana Legislative Session provided an optional method for municipalities to cancel Social Security and come under supplementary benefits in the System, effective on and after June 30, 1970. Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan. The System is governed by Louisiana Revised Statutes 11:1731 through 11:1884, specifically, and other general laws of the State of Louisiana. The System issued a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809.

Funding Policy - Plan members are required to contribute 9.25% of their annual covered earnings, and the Town is required to contribute at an actuarially determined rate. The Town's contribution rate during the period of January 1, 2005 to June 30, 2005 was 15.00%. Effective July 1, 2005, the Town's contribution rate was increased to 16%. In addition, the System also receives a percentage of tax revenues from various taxing bodies. The contribution requirements of plan members and the Town are established and may be amended by state statute. The Town's contributions to the System for the years ended December 31, 2005, 2004, and 2003 were \$50,695, \$42,698, and \$28,816, respectively, equal to the required contributions for each year.

Note 17 - PENSION PLANS (Continued)

b.) Municipal Police Employees' Retirement System

Plan Description - The Town contributes to the Municipal Police Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 189 of the 1973 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:2211 through 11:2234, specifically, and other general laws of the State of Louisiana. The System issued a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Municipal Police Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Funding Policy - Plan members are required to contribute 7.50% of their annual covered earnings excluding overtime but including state supplemental pay, and the Town is required to contribute at an actuarially determined rate. The Town's contribution rate during the period of January 1, 2005 to June 30, 2005 was 21.50%. Effective July 1, 2005, the Town's contribution rate was decreased to 16.25%. In addition, the System also receives a percentage of insurance premiums. The contribution requirements of plan members and the Town are established and may be amended by state statute. The Town's contributions to the System for the years ended December 31, 2005, 2004, and 2003 were \$10,461, \$16,215, and \$8,196, respectively, equal to the required contributions for each year.

Note 18 - ON-BEHALF PAYMENTS FOR SUPPLEMENTAL PAY

The Town recognizes as revenues and expenditures salary supplements, which includes the police, that the State of Louisiana has paid directly to the Town's employees. As of December 31, 2005, the total on-behalf payments made amounted to \$16,450.

SUPPLEMENTARY INFORMATION SECTION

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

Town of Golden Meadow, Louisiana

December 31, 2005

	Capital Projects Fund	Special Revenue Seawall Project Fund	Total Governmental Funds
ASSETS AND OTHER DEBITS			
Assets			
Cash and cash equivalents	\$ 50	\$ 50	\$ 100
Receivables (net, where applicable of allowances for uncollectibles):			
Accounts	-	9,200	9,200
Total assets	<u>\$ 50</u>	<u>\$ 9,250</u>	<u>\$ 9,300</u>
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities			
Due to other funds	\$ 50	\$ 50	\$ 100
Deferred revenue	-	9,200	9,200
Total liabilities	<u>50</u>	<u>9,250</u>	<u>9,300</u>
Fund Balances			
Unreserved - undesignated	-	-	-
Total liabilities and fund balances	<u>\$ 50</u>	<u>\$ 9,250</u>	<u>\$ 9,300</u>

See notes to financial statements.

OTHER SUPPLEMENTARY INFORMATION

COMPENSATION PAID TO MEMEBERS OF THE TOWN COUNCIL

Town of Golden Meadow

For the Year Ended December 31, 2005

2005

<u>Name</u>	<u>Office</u>	<u>Compensation</u>	<u>Per Diem*</u>
Joey Bouziga	Mayor	\$ 31,852	\$ -
David Adams	Councilman	-	6,612
Lawrence Mounic	Councilman	-	6,612
Frank Boura	Councilman	-	6,612
Jody Cheramie	Councilman	-	6,612
Gwendolyn Theriot	Councilwoman	-	6,612
Totals		\$ 31,852	\$ 33,060

* Per diem paid at the rate of \$551 for the regular monthly meeting.
There are no additional per diem fees paid for attendance at special meetings of the Town.

STATISTICAL INFORMATION SECTION

Table 1

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

Town of Golden Meadow

Last Ten Years

(Unaudited)

Year	General Government	Public Safety Police	Streets and Highways	Sanitation	Civil Defense	Drainage and Levee	Culture and Recreation	Debt Service	Total
1996	\$ 110,382	\$ 211,637	\$ 144,646	\$ 11,334	\$ 1,189	\$ 112,213	\$ 58,492	\$ 48,514	\$ 698,407
1997	126,193	226,727	137,043	12,723	206	90,292	38,295	44,299	675,778
1998	120,449	262,400	150,341	15,808	1,022	81,746	62,492	38,786	733,044
1999	112,916	286,942	190,091	20,920	388	127,593	71,047	39,909	849,806
2000	144,978	272,104	153,075	22,969	226	132,356	62,541	40,815	829,064
2001	155,716	292,189	164,252	15,201	70	98,557	62,006	36,656	824,647
2002	213,477	287,815	126,560	21,286	858	134,170	64,975	47,906	897,047
2003	191,649	301,999	173,251	15,799	-	132,444	108,246	10,819	934,207
2004	219,485	348,162	172,652	14,858	-	133,119	104,426	18,911	1,011,613
2005	278,337	325,082	200,906	9,459	-	156,664	92,348	15,436	1,078,232

Note:

(1) Includes General, Special Revenue, and Debt Service Funds (amounts do not include the Capital Expenditures of the funds).

Table 2

GENERAL GOVERNMENTAL REVENUE BY SOURCE (1)

Town of Golden Meadow

Last Ten Years

(Unaudited)

Year	Taxes	Fines and Forfeitures	Intergovern- mental Revenues	License, Permits and Franchises	Charges for Services	Investment Income	Miscellaneous Revenues	Total
1996	\$ 282,479	\$ 292,531	\$ 96,184	\$ 126,680	\$ 7,208	\$ 32,138	\$ 34,237	\$ 871,457
1997	332,624	277,317	979,072	154,234	303	38,610	35,258	1,817,418
1998	376,309	298,446	310,361	128,151	871	53,485	33,074	1,200,697
1999	336,170	248,428	277,119	153,547	950	47,034	29,299	1,092,547
2000	424,590	295,791	101,285	167,301	850	47,141	38,706	1,075,664
2001	402,026	272,498	245,275	156,592	25,438	36,673	19,328	1,157,830
2002	412,222	259,663	196,250	162,397	31,926	20,843	40,289	1,123,590
2003	443,380	211,204	281,022	175,096	53,351	12,336	58,356	1,234,745
2004	442,078	224,777	268,117	170,007	52,218	13,410	201,725	1,372,332
2005	429,374	317,085	235,380	172,546	53,673	36,015	73,156	1,317,229

Note:

(1) Includes General, Special Revenue, and Debt Service Funds.

Table 3

PROPERTY TAX LEVIES AND COLLECTIONS**Town of Golden Meadow**

Last Ten Years

(Unaudited)

Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
1996	\$ 128,048	\$ 127,172	\$ 99.3%	\$ 218	\$ 127,390	99.5%	\$ 2,155	1.7%
1997	144,237	141,349	98.0%	162	141,511	98.1%	2,684	1.9%
1998	151,978	148,928	97.9%	1,966	150,894	99.3%	3,768	2.5%
1999	146,466	139,600	95.3%	882	140,482	95.9%	5,984	4.1%
2000	167,940	159,706	95.1%	2,897	162,603	96.8%	11,321	6.7%
2001	148,543	142,828	96.2%	5,876	148,704	100.1%	11,160	7.5%
2002	147,142	141,956	96.5%	2,883	144,839	98.4%	13,463	9.1%
2003	151,942	190,838	125.6%	1,671	192,509	126.7%	16,817	11.1%
2004	162,893	149,637	91.9%	1,634	151,271	92.9%	16,135	9.9%
2005	147,416	154,449	104.8%	5,465	159,914	108.5%	15,956	10.8%

Table 4**PRINCIPAL TAXPAYERS****Town of Golden Meadow**

December 31, 2005

(Unaudited)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2005 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Lafourche Telephone Co.	Telephone	\$ 753,350	10.81%
State Bank & Trust Co.	Bank	636,030	9.13%
Community Bank of Lafourche	Bank	419,110	6.01%
Hibernia National Bank	Bank	266,840	3.83%
Golden Meadow Hardware	Retail	95,530	1.37%
Apache Company	Oil & Gas	84,890	1.22%
Frank's # 2	Supermarket	84,510	1.21%
Aspect Energy, LLC	Oil & Gas	82,550	1.18%
Entergy	Electric Utility	73,560	1.06%
Plaisance Dragline & Dredging	Dredging	72,040	1.03%
Totals		<u>\$ 2,568,410</u>	<u>36.85%</u>

Table 5

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA**

Town of Golden Meadow

Last Ten Years

(Unaudited)

Year	Population	Assessed Value	Gross Bonded Debt (1)	Debt Service Monies Available	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1996	2,032	\$ 5,198,863	\$ 199,000	\$ 40,062	\$ 158,938	3.06%	\$ 78.22
1997	2,032	5,851,400	169,000	50,307	118,693	2.03%	58.41
1998	2,032	6,165,456	140,000	67,100	72,900	1.18%	35.88
1999	2,032	5,941,826	108,000	81,009	26,991	0.45%	13.28
2000	2,271	6,992,640	73,000	102,394	-	-	-
2001	2,271	7,004,060	40,000	68,487	-	-	-
2002	2,271	6,956,970	-	-	-	-	-
2003	2,271	7,183,920	-	-	-	-	-
2004	2,271	7,701,800	-	-	-	-	-
2005	2,271	6,970,020	-	-	-	-	-

Note:

(1) Includes all long-term general obligation debt.

Table 6

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES**

Town of Golden Meadow

Last Ten Years

(Unaudited)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (1)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1996	\$ 27,000	\$ 13,266	\$ 40,266	\$ 698,407	5.8%
1997	30,000	11,738	41,738	675,778	6.2%
1998	29,000	9,786	38,786	733,044	5.3%
1999	32,000	7,909	39,909	849,806	4.7%
2000	35,000	5,815	40,815	829,064	4.9%
2001	33,000	3,656	36,656	824,647	4.4%
2002	40,000	1,300	41,300	897,047	4.6%
2003	-	-	-	934,207	0.0%
2004	-	-	-	1,011,613	0.0%
2005	-	-	-	1,078,232	0.0%

Note:

(1) Includes General, Special Revenue, and Debt Service Funds (amounts do not include the capital expenditures of the funds).

MISCELLANEOUS STATISTICS**Town of Golden Meadow**

December 31, 2005

(Unaudited)

Date of incorporation	July 17, 1950
Form of government	Mayor - Council
Area	4 square miles
Miles of street	11.5
Number of street lights	400
Fire protection: (volunteer firemen)	
Number of stations	2
Number of firemen	38
Police protection:	
Number of stations	1
Number of policemen and officers	5
Municipal gas department:	
Number of consumers - December 31, 2005	585
Average annual consumption	40.69 MCF
Miles of gas mains	29
Municipal sewer department	
Number of consumers - December 31, 2005	287
Recreation and culture:	
Number of parks	1 with 40 acres
Number of libraries	1
Employees:	
Excluding policemen and summer pool workers	9

Table 8

INSURANCE IN FORCE**Town of Golden Meadow**

December 31, 2005

(Unaudited)

Name of Insurer	Policy Period		Details of Coverage	Amount
	From	To		
Fidelity National Property and Casualty Insurance Company	3/1/2005	3/1/2006	Flood Insurance - Town Hall Town Hall - Contents Deductible	\$ 50,000 55,000 500
Western Surety	12/1/2005	12/1/2006	Public Official's Bond	10,000
Travelers Casualty & Surety	7/27/2002	7/27/2007	Public Official's Bond	5,000
Continental Insurance Company	1/8/2005	1/8/2006	Public Employee's Blanket Bond	10,000
Continental Insurance Company	1/8/2003	1/8/2006	Public Employee Dishonesty Coverage Deductible	10,000 1,000
Travelers Casualty & Surety	7/27/2002	7/27/2007	Notary Bond	5,000
Travelers Casualty & Surety	1/1/2005	1/1/2009	Public Official's Bond - Chief of Police / Tax Collector	5,000
Louisiana Municipal Risk Management Agency	1/1/2005	1/1/2006	Workmen's Compensation	LA Statutes
Essex Insurance Company	3/6/2005	3/6/2006	Automobile Collision/Comprehension - Various Autos Total (actual CV for cost of repair, whichever is less) Deductible - specified perils Deductible - collision	119,860 250 250
Lloyds, London	2/5/2005	2/5/2006	Commercial Inland Marine Coverage Total Physical damage Deductible	142,848 250
Scottsdale Insurance Company	11/20/2005	11/20/2006	DMV Building 90% Replacement Cost Deductible DMV Building - Contents 80% Replacement Cost Deductible Wind and Hail - 10% deductible	151,700 1,000 52,000 1,000
American Bankers Insurance Company	12/19/2005	12/19/2006	Flood Insurance DMV Building Contents Deductible	150,000 50,000 500
Fidelity National Property and Casualty Insurance Company	4/16/2005	4/16/2006	Flood Insurance Meter Station - Contents Deductible	7,500 500
Fidelity National Property and Casualty Insurance Company	5/16/2005	5/16/2006	Flood Insurance Town Hall - Contents Deductible	35,400 500

Table 8
(Continued)

INSURANCE IN FORCE

Town of Golden Meadow

December 31, 2005

(Unaudited)

Name of Insurer	Policy Period		Details of Coverage	Amount
	From	To		
Travelers Property Casualty	1/7/2005	1/7/2006	Water Pumping Station - Durselle Street Limit per accident Deductible Spoilage - 10% of loss; \$2,500 minimum	975,000 2,500
Louisiana Citizens Property Insurance Company	8/20/2005	8/20/2006	Fire, Extended Coverage, V. & M. M. on Buildings Town Hall Town Hall Contents Town Hall Addition and Town Hall Jail Swimming Pool Bathhouse Town Maintenance Building Pumping Station Park - Dressing/Restrooms Senior Citizens Building Senior Citizens Ceramic Shop Deductible 80% Co-Insurance	86,000 30,000 35,000 57,000 37,000 10,000 25,000 50,000 10,000 500
Louisiana Municipal Risk Management Agency Liability Pool	5/1/2005	5/1/2006	Comprehensive Liability Coverage under the LMA Plan: 1 Comprehensive General Liability Medical Payments: Deductible per person Deductible per accident Deductible per occurrence 2 Automobile Liability Deductible 3 Law Enforcement Officers' Comprehensive Liability Deductible 4 Public Official's Errors and Omissions Liability Deductible	500,000 1,000 10,000 50,000 500,000 - 500,000 1,000 500,000 1,000
Scottsdale Insurance Company	5/5/2005	5/5/2006	Electronic Data Processing Equipment Deductible	11,630 500

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Joey Bouziga, Mayor,
and the Members of the Town Council
Town of Golden Meadow, Louisiana.

We have audited the financial statements of the governmental activities, the business –type activities, each major fund and the aggregate remaining fund information of the Town of Golden Meadow, Louisiana (the Town) as of and for the year ended December 31, 2005, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Town of Golden Meadow in a separate letter dated February 20, 2006.

This report is intended for the information and use of the Mayor and Town Council, management, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bouges & Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
February 20, 2006.

SCHEDULE OF FINDINGS AND RESPONSES

Town of Golden Meadow, Louisiana

For the year ended December 31, 2005

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not
considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

b) Federal Awards

The Town of Golden Meadow, Louisiana did not receive federal awards in excess of \$500,000 during the year ended December 31, 2005 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section II Financial Statement Findings

No financial statement findings were noted during the audit of the financial statements for the year ended December 31, 2005.

SCHEDULE OF FINDINGS AND RESPONSES
(Continued)

Town of Golden Meadow, Louisiana

For the year ended December 31, 2005

Section II Financial Statement Findings (Continued)

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None

Section III Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the audit for the year ended December 31, 2005.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Town of Golden Meadow, Louisiana

For the year ended December 31, 2005

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2004.

No reportable conditions were reported during the audit for the year ended December 31, 2004.

Compliance

No compliance findings material to the Town's financial statements were noted during the audit for the year ended December 31, 2004.

Section II Internal Control and Compliance Material to Federal Awards

The Town of Golden Meadow, Louisiana did not receive federal awards in excess of \$500,000 during the year ended December 31, 2004 and therefore was exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III Management Letter

04-1 **Recommendation** – Procedures should be implemented ensuring balancing of various accounts and funds. These procedures should be performed in a timely manner throughout the year. Also old interfund balances should be researched as to their origination and paid back to the appropriate fund(s). If the research is unsuccessful in determining the origination of balances, these old balances should be written off.

Management's Response – Procedures were implemented to balance interfunds and transfers on a monthly basis. Research was performed to determine the origin of old interfund balances and it was unsuccessful. The old balances were written off during 2005.

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
(Continued)

Town of Golden Meadow, Louisiana

For the year ended December 31, 2005

04-2 **Recommendation** – All invoices should be checked for accuracy prior to payment. This check should be evidenced on the invoice.

Management's Response – Procedures are in place for the finance committee to review invoices and sign checks. Steps are taken to improve on the already established procedures.

04-3 **Recommendation** – We recommend that an attempt be made to apply inactive customer deposits with inactive customer accounts. Any remaining outstanding customer account balances should be considered for write off.

Management's Response – Council approval was obtained during 2005 to apply inactive customer account balances against the related inactive customer meter deposit. The natural gas clerk is in the process of making the applications and attempting to issue refund checks to those customers that can be located that have a balance after the account balance has been applied against the deposit.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Town of Golden Meadow, Louisiana

For the year ended December 31, 2005

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2005.

No reportable conditions were reported during the audit for the year ended December 31, 2005.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2005.

Section II Internal Control and Compliance Material to Federal Awards

The Town of Golden Meadow, Louisiana did not receive federal awards in excess of \$500,000 during the year ended December 31, 2005 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III Management Letter

- 05-1 **Recommendation** -We recommend that the Town comply with the State budget laws by amending its budget to ensure actual revenues and other sources are less than budgeted revenues and other sources by five percent or more and for actual expenditures and other uses not to exceed budgeted expenditures and other uses by five percent or more.

Management's Corrective Action Plan – The Town will comply with the State budget laws in the future.



Bourgeois Bennett

To the Honorable Joey Bouziga, Mayor,
and the Members of the Town Council
Town of Golden Meadow, Louisiana.

We have audited the financial statements of the Town of Golden Meadow (the Town), State of Louisiana, as of and for the year ended December 31, 2005, and have issued our report thereon dated February 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. In planning and performing our audit, we considered the Town's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters, which represent immaterial matters involving the internal control over financial reporting and its operations. The memorandum that accompanies this letter summarizes our suggestions and recommendations regarding these matters. We previously reported on the Town's internal control and compliance and other matters in our report dated February 20, 2006. This letter does not affect our report dated February 20, 2006 on the financial statements of the Town.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and recommendations with the Town, and we will be pleased to discuss them in further detail at your convenience, to perform an additional study of the matters or to assist you in implementing the recommendations.

Sincerely,

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
February 20, 2006.

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MANAGEMENT COMMENTS

Town of Golden Meadow (the Town)

For the year ended December 31, 2005

05-1 **Criteria** – Louisiana Revised Statutes 39:1304-1314 requires the chief executive or administrative officer must advise the governing authority or independently elected official when actual revenues are less than budgeted revenues by five percent or more, actual expenditures exceed budgeted expenditures by five percent or more, or actual beginning fund balance is less than budgeted fund balance by five percent or more.

Condition – The Town has actual revenues that fell short of budget by greater than the five percent allowed by state law.

Context – This occurred in three special revenue funds.

Effect – The Town was not in compliance with state law.

Cause – An error in calculating the 2005 ad valorem tax revenue was made for the amended budget.

Recommendation – We recommend that the Town comply with the State budget laws by amending its budget to ensure actual revenues and other sources are less than budgeted revenues and other sources by five percent or more and for actual expenditures and other uses not to exceed budgeted expenditures and other uses by five percent or more.